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CONSUMER/ENVIRONMENTAL ADVOCATES: EXPERT TESTIMONY REVEALS NICOR'S PUSH TO HIT CUSTOMERS WITH MASSIVE OVERCHARGES FOR SECOND STRAIGHT YEAR

COMBINED WITH RECOMMENDATIONS FROM OTHER PARTIES, NICOR'S SECOND CONSECUTIVE RATE HIKE SHOULD BE SLASHED BY 80%, TESTIMONY EXPOSES WASTEFUL CAPITAL SPENDING, HEFTY EXECUTIVE BONUSES, AND AN "EGREGIOUS" PROFIT RATE FOR NICOR'S SHAREHOLDERS

CHICAGO—Nicor Gas' push for a sixth rate hike in less than a decade — and its second in as many years — threatens customers with massive overcharges to cover wasteful spending, lucrative executive bonuses and an exorbitant profit rate, according to expert testimony from consumer advocates. Combining findings from other parties in the rate case, advocates on Monday urged the Illinois Commerce Commission (ICC) to slash Nicor's proposed increase by about 80 percent.

Multiple consumer and environmental advocates — the Citizens Utility Board (CUB), Environmental Defense Fund, the Environmental Law and Policy Center, Illinois PIRG, and Legal Action Chicago — have filed testimony urging state regulators to reject Nicor's push for a \$220.8 million increase. Those parties uncovered more than \$117 million in overcharges in the Nicor proposal. Combined with testimony filed by the staff of the Illinois Commerce Commission (ICC) and the Illinois Attorney General's Office, those reductions rise to about \$178 million, or about 80 percent of Nicor's increase—meaning the rate hike is about five times what it should be.

At one point, Nicor was averaging a rate hike about once every seven years, but more recently, customers have felt the pain of serial increases, thanks to unnecessarily aggressive capital spending. In January — just seven weeks after burdening customers with a \$168 million increase — Nicor filed for an additional \$220.8 million increase ([Docket No. 26-0099](#)). Nicor has said the hike would increase average gas bills by 6.7 percent, or up to \$6 a month. This is Nicor's sixth rate-hike request since 2017. Between 2017 and 2025, the utility has raised delivery rates by 137 percent, totaling \$898 million, and its parent, Southern Co., has raked in more than \$29 billion in profits.

"Nicor's serial rate hikes have been a hardship for customers, and our expert testimony reveals that once again Illinois' largest gas utility wants to make customers pay even more for wasteful spending, lavish executive bonuses and an egregious profit rate for shareholders," CUB Executive Director Sarah Moskowitz said. "Nicor customers can't afford this rate hike. We urge the ICC to once again stand up to the company and say no to utility greed."

"While people are choosing between groceries, medicine, and keeping the heat on, Nicor wants Illinois' working families to believe that it needs its sixth rate hike in 10 years — including one just last year — and suddenly needs even more profit to survive," said Dan Schneider, Of Counsel to Legal Action Chicago. "Illinois families are exhausted."

"Nicor's recent spending spree has already put its customers on the hook to pay billions of dollars for fossil fuel infrastructure over decades to come," said Illinois PIRG Director Abe Scarr. "Enough already. We're calling on regulators to once again reject Nicor's excessive spending and to require more meaningful consideration of non-pipeline alternatives."

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“Less than a year ago, the Commission directed Nicor to seriously evaluate alternatives to costly pipeline projects. Instead, Nicor doubled down on business as usual, failing once again to propose a single meaningful alternative,” said Curt Stokes, Director and Senior Attorney, Equitable Utility Solutions, for the Environmental Defense Fund. “That means more spending, higher rates for customers and another missed opportunity to build a cleaner, more affordable energy system for Illinois.”

Last year, the ICC cut the Nicor rate hike by about 45 percent, which was nearly what consumer advocates recommended. In the latest rate-hike proposal, advocates once again uncovered a comprehensive list of the utility’s attempts to overcharge customers, including these items:

Excessive Return on Equity (ROE, or profit rate for shareholders) and capital structure: Under utility regulations, Nicor can earn a return on its capital investments. The utility is already raking in a substantial 9.6 percent ROE, and it wants to push that to an exorbitant 10.35 percent. But consumer advocates argue that the utility’s profit margin should be going down, not up. The range of recommendations from CUB, ICC Staff, and Legal Action Chicago and PIRG would cut the rate hike by up to \$89 million.

Wasteful capital spending: Between 2000 and 2014, Nicor spent an average of \$284 million per year on infrastructure, adjusted for inflation — but then spending skyrocketed, and over the last six years, Nicor has spent \$908 million annually, or more than three times the historical average. State law gave Nicor license to increase spending for a limited amount of time to retire old pipes made from materials, mostly cast iron, considered higher risk. But Nicor retired its last cast iron pipe in 2018, the law ended in 2023, and the average Illinois household now uses 26 percent less gas than it did a decade ago. Still, Nicor plans to spend even more on its system going forward, around \$800 million per year.

The Environmental Defense Fund, Environmental Law and Policy Center, and Illinois PIRG co-sponsored expert testimony that exposed Nicor’s failure to fairly and adequately consider alternatives to traditional gas infrastructure investments, known as “non pipeline alternatives,” or NPAs. NPAs provide opportunities for utilities to spend less while not locking customers into polluting fossil fuel infrastructure for decades to come. Nicor’s own expert identified multiple viable candidates for NPAs yet the utility still categorically dismissed NPAs as “neither economically nor practically viable.”

Lavish Executive Bonuses: CUB argued that customers shouldn’t pay for bonuses the company gives to executives for reaching financial goals that help enrich shareholders but have absolutely no benefit to customers. Even worse, if those financial goals are not met, the company still gets that money from consumers. Eliminating executive bonuses tied to corporate profit goals would cut Nicor’s proposed increase by another \$19.1 million.

Other improprieties: CUB’s testimony found more than \$20 million in other categories of spending that Nicor improperly wants customers to pay. That includes about \$5 million for “rate-case expense.” Under Illinois law, utilities can make customers pay for outside lawyers and expert witnesses in rate cases. It’s offensive enough that customers are forced to pay for pro-utility lawyers who argue for increasing their bills, but even worse, Nicor’s accounting treatment of these costs — amortizing it over one year, rather than two — results in customers unnecessarily paying more. (**Note:** CUB supports reforming state law to require shareholders to cover such costs.)

Expert testimony opposing the rate hike was filed on May 14. The ICC will make a final ruling on the rate case around November. Nicor is Illinois’ largest gas utility, serving about 2.2 million customers.

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The **Citizens Utility Board (CUB)** is Illinois' leading nonprofit utility watchdog group. Created by the Illinois Legislature, CUB opened its doors in 1984 to represent the interests of residential and small-business utility customers. Since then, CUB has helped save consumers \$20 billion by blocking rate hikes and securing refunds.

Illinois PIRG is an advocate for consumers, advancing solutions to problems that affect our health, our safety and well-being.

With more than 3 million members, **the Environmental Defense Fund** creates transformational solutions to the most serious environmental problems. To do so, EDF links science, economics, law, and innovative private-sector partnerships to turn solutions into action.